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6 **UNITED STATES BANKRUPTCY COURT**
7 **EASTERN DISTRICT OF WASHINGTON**

8 In Re:

9 KENDALL ROBERT MELDRUM, and
10 VICKIE JEAN MELDRUM d/b/a
11 MELDRUM FARMS

Debtors.

Case No.: 10-01973-FLK12

**FINDINGS OF FACT AND
CONCLUSIONS OF LAW**

12 THIS MATTER having come on before the above-entitled Court for confirmation, this
13 4th day of May, 2011, the Court having reviewed the debtor's Third-Amended Plan of
14 Reorganization, and the Stipulated Modification thereto dated March 8, 2011, the Trustee's
15 Confirmation Summary and having heard argument of counsel and otherwise considered the
16 files and pleadings contained herein, the Court does hereby make the following:

17 **FINDINGS OF FACT**

- 18
- 19 1. The Debtor's filed a Chapter 7 Bankruptcy Petition on April 1, 2010. Said
20 Chapter 7 Petition was converted to a Chapter 12 proceeding on June 4, 2010.
- 21
- 22 2. The Debtor's filed a Chapter 12 Plan on September 8, 2010. Objections were
23 filed by Kelley Ag Services, the Chapter 12 Trustee and Advanced Labor.
- 24
- 25 3. A First Amended Plan of Reorganization was filed November 8, 2010.
26 Objections to the First Amended Plan of Reorganization were filed by Kelley Ag Services.
- 27
- 28 4. A Second Plan of Reorganization was filed on November 29, 2010. Objections
to the Second Plan of Reorganziation were made by Kelley Ag Services.

FINDINGS OF FACT AND
CONCLUSIONS OF LAW

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1 5. The parties with objections to the second Plan of Reorganization mediated their
2 disputes on February 8, 2011. The mediation resulted in a settlement as indicated by docket #
3 176. The settlement was approved by Order of this court dated February 14, 2011 and as
4 indicated in docket #184.

5
6 6. As a result of the mediated settlement agreement the debtors filed a Third
7 Amended Plan of Reorganization on March 8, 2011. All creditors were given notice of Third-
8 Amended Plan of Reorganization. Objections to that plan have been resolved as indicated by
9 signatures of the objecting parties to this document and the Order Confirming the Plan.

10
11 7. The Debtor's Plan of Reorganization calls for the continued farming operation of
12 the orchard through July 2013, with proceeds of the farming operation and all disposable
13 income being devoted to the repayment of creditors. Subject to the alternative indicated in the
14 next paragraph, the property will be sold at an auction conducted by the Trustee in July of
15 2013.

16
17 8. Alternatively, and in the event the Debtors can obtain financing or otherwise
18 resolve the debt of Kelley Ag Services, the Debtors intend to do so and pay Kelley Ag Services
19 in a manner consistent with the Mediated Settlement Agreement. Other creditors will be paid
20 in a manner consistent with the mediated settlement agreement or pursuant to the Plan or any
21 amendments thereto. The details of the alternative repayment program are identified in the
22 Settlement Agreement as approved by this Court docket no. 184.

23
24 9. The Debtor's operated in 2010 using a combination of approved cash collateral
25 and operating financing as provided by CM Holtzinger and as indicated in the order dated July
26 7, 2010.

1 10. The debtor's income for the Plans first budgetary year, which extends from
2 January 1, 2011 through December 31, 2011 is projected to be \$277,327.00. The Debtor's
3 projected expenses for that same period is \$248,110.00. Payments to creditors will be as
4 indicated in Exhibit B (Plan Payments) to the Order Confirming Third Amended Plan.
5

6 11. The Debtor's income for the Plans second budgetary year, which extends from
7 January 1, 2012 through December 31, 2012 is projected to be \$275,717.00. The Debtor's
8 projected expenses for that same period is \$247,610.00. Payments to creditors will be as
9 indicated in Exhibit B (Plan Payments) to the Order Confirming Third Amended Plan.
10

11 12. In the event the Debtor's cannot resolve their claim with Kelley Ag Services in a
12 manner consistent with the Mediated Settlement Agreement, the Debtor's farm income for the
13 crop year 2012 will be devoted to the repayment of creditors pursuant to the budget attached to
14 the Order Confirming Third-Amended Plan of Reorganization as Exhibit C.
15

16 13. All fees, charges or amounts required to be paid under Chapter 12 of Title 28
17 U.S.C. or by the Plan, have been paid prior to confirmation.

18 From the foregoing Findings of Fact, the Court makes the following:

19 **CONCLUSIONS OF LAW**

20 1. The Debtor's Third-Amended Plan of Reorganization complies with provisions
21 of Chapter 12 and other applicable provisions of Title 28 U.S.C. and Title 11 U.S.C. as well as
22 all applicable Bankruptcy Rules and Local Bankruptcy Rules.
23

24 2. The holder of each secured claim has accepted the Third-Amended Plan of
25 Reorganization and will receive full payment of its secured claim and shall retain its lien until
26 such payment has been made.
27
28

1 3. The Debtor's Plan of Reorganization has been proposed in good faith and not by
2 any means forbidden by law.

3 4. The Debtors will be able to make all Plan payments and otherwise comply with
4 the terms of the Third Amended Plan of Reorganization and the Order Confirming the Third
5 Amended Plan of Reorganization.

6 5. The Chapter 12 Trustee shall receive compensation pursuant to 28 U.S.C. § 586
7 (e)(1)(B)(ii).

8 Presented by
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10
11 TELQUIST ZIOBRO McMILLEN, PLLC

12 By: /s/ Robert G. McMillen
13 **ROBERT G. MCMILLEN #29831**
14 *Attorney for Ken & Vickie Meldrum*

15
16 /s/ Ford Elsaesser
17 FORD ELSAESSER,
18 Chapter 12 Trustee

/s/ Frank A. Wilson
FRANK A. WILSON, AUSA
Attorney for Farm Service Agency

19 /s/ Donald A. Boyd
20 DONALD A. BOYD,
21 Attorney for Kelley Ag Services

/s/ J. Kirk Bromiley
J. KIRK BROMILEY
Attorney for Holtzinger Fruit Co.

22
23 So Ordered this 4th
24 Day of May, 2011
25
26
27
28 *Frank L. Buntz, Judge*